

STATE OF TENNESSEE

Office of the Attorney General



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FACSIMILE 615-741-2009

August 10, 2004

Honorable Pat Miller  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243

**Re: Docket 04-00034, APPLICATION OF CHATTANOOGA GAS COMPANY, A  
DIVISION OF AGL RESOURCES, FOR AN ADJUSTMENT OF ITS RATES AND CHARGES,  
THE APPROVAL OF REVISED TARIFFS AND APPROVAL OF REVISED SERVICE  
REGULATIONS**

Dear Chairman Miller:

On July 26, the Consumer Advocate and Protection Division of the Office of the Attorney General filed the Direct Testimony of Daniel W. McCormac in this matter. Inadvertently, Exhibit CAPD-DM#2 was not included with the testimony. Although the exhibit is a document that is already in the record, we submit the exhibit to prevent any confusion in regards to the references in the testimony. Enclosed is an original and thirteen copies of Exhibit CAPD-DM#2 to the Direct Testimony of Daniel W. McCormac. Kindly file the attached in the above referenced docket. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Vance Broemel".

Vance Broemel  
Assistant Attorney General  
(615)741-8700

Enclosures

cc: All Parties of Record

77712



Chattanooga Gas Company / 2207 Olan Mills Drive/ Chattanooga TN 37421  
Telephone 1-800-427-5463

February 27, 2004

Mr Hal Novak, Chief  
Energy & Water Division  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, TN 37243-0505

Dear Mr Novak,

Pursuant to the Tennessee Regulatory Authority's Rules and Regulations, Chattanooga Gas Company (CGC) hereby files two (2) copies of the following revisions to Chattanooga Gas Tariff No 1:

Seventy Fourth Revised Sheet No. 55

We propose that this filing become effective April 1, 2004

This filing is to implement a credit to refund to CGC's customers their share of the gross profits that resulted from transactions with non-jurisdictional customers in accordance with the Interruptible Margin Credit Rider (IMCR) provision of CGC's Tariffs for the twelve months ended December 31, 2003. The customers' \$1,260,974.35 share resulting from such transactions includes interest computed as provided on CGC's Tariff, Second Revised Sheet 50E.

The total being refunded through the IMCR Refund Credit has been adjusted to reflect an over-refund through the prior IMCR Refund Credit that was effective from April 1, 2002 until June 30, 2003 and the un-refunded balance as of December 31, 2003 of the IMCR Refund Credits that became effective July 1, 2003. The IMCR Refund Credit effective July 1, 2003 is being terminated effective with this filing.


In addition to the Revised Sheet No. 55 the following Attachments are provided

Attachment A	Computation of Credit Effective April 1, 2004
Attachment B	Total to be Refunded
Attachment C	Sharing of Net Gross Profit from Transactions with Non-jurisdictional Customers Including Interest
Attachment D	Details of Net Gross Profit from Transactions with Non-jurisdictional Customers

Attachment E Un-refunded Balance at December 31, 2003 of IMCR Refund Credit  
Effective July 1, 2003  
Attachment F Over refunded Balance of IMCR Refund Credit Effective April 1,  
2002.  
Attachment G Summary of Rates effective April 1, 2004

Should there be any questions, I will be pleased to discuss this filing in further detail with you

Sincerely,

  
Archie R. Hickerson  
Manager-Rates

C Chairman, Deborah Taylor Tate  
Director, Pat Miller  
Director, Sara Kyle  
Director, Ron Jones  
Mr. Dan McCormac  
Ms. Amanda Hwang

CURRENT LEVEL OF SURCHARGES AND REFUND CREDITS

AMOUNTS INDICATED BELOW APPLY TO THE BILLING DETERMINANTS  
OF EACH INDIVIDUAL TARIFF

RATES Billing Unit.	I-1 Demand MCF	I-1 Commodity MCF	L-1 Commodity MCF	T-1 Commodity MCF	T-2 Demand MCF	T-2 Commodity MCF	All Other CCF	A/C CCF	V-1 CCF
IMCR Refund 4/1/2004*	(0 8250)	0 0000	0 0000	0 0000	(0 8250)	0 0000	(0 0173)	0 0000	0 0000
ACA 02-03 **	(0 8830)	0 1083	0 1083	0 0000	(0 8830)	0 0000	(0 0086)	0 1083	0 0000
TOTAL	(1 7080)	0 1083	0 1083	0 0000	(1 7080)	0 0000	(0 0259)	0 1083	0 0000

\*IMCR refund made effective July 1, 2003 terminated Effective March 31, 2004 Un-refunded balance as of 12/31/2003 is included in IMCR Refund Credit effective 4/1/2004

\*\*ACA02-03 Effective October 1, 2003 for a period of 12 months or shorter as may be required

EFFECTIVE

April 1, 2004

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Computation of Credit

Rate Schedule	Monthly Contract Demand	Annual Commodity Sales MCF	Allocated to Demand	Allocated to Commodity	Total	Demand Per Unit	Demand	Commodity	Total
I-1	10,714		\$ (106,074 46)		\$ (106,074 46)	\$(0 8250)			
L-1						\$(0 8250)			
T-2									
All Other	131,319	7,504,631	\$ (1,300,129 87)		\$ (1,300,129 87)		\$(0 1732)		\$(0 1732)
V-1									
	142,033		\$ (1,406,204 33)		\$ (1,406,204 33)				

Based on volumes for the twelve months ended  
Rates to be effective

December 31, 2003  
April 1, 2004

Attachment B

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Total to be Refunded

Gain From Non Jurisdictional Transactions	\$ 1,260,974 35
Residual ICMR Rider Effective 4/1/2002	(\$81,203 96)
Residual ICMR Rider Effective 7/1/2003	<u>\$226,433 94</u>
Total Subject to Refund	<u><u>\$ 1,406,204 33</u></u>

## Chattanooga Gas Company

## IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003

## Sharing of Net Gross Profit from Transactions with Non-jurisdictional Customers Including Interest

Beginning of Month Balance Allocated Value Due Customers	Inground Transfer Jan 2003	Allocated Value Due Customers	End of Month Balance Before Interest	Average Allocated Value Due Customers	Interest Rate Annual	Monthly	Interest	End of Month Allocated Value Due Customers Including Interest
\$		\$	\$	\$			\$	\$
1,536,451 25	(62,500 00)	1,595,999 27	1,533,499 27	766,749 63	4 62%	0 39%	2,951 99	1,536,451 25
1,707,049 32		164,366 33	1,700,817 58	1,618,634 42	4 62%	0 39%	6,231 74	1,707,049 32
1,678,980 45		(34,574 46)	1,672,474 86	1,689,762 09	4 62%	0 39%	6,505 58	1,678,980 45
1,684,733 11		(193 38)	1,678,787 06	1,678,883 75	4 25%	0 35%	5,946 05	1,684,733 11
2,012,502 25		321,233 53	2,005,966 64	1,845,349 87	4 25%	0 35%	6,535 61	2,012,502 25
2,181,829 35		161,912 77	2,174,415 02	2,093,458 63	4 25%	0 35%	7,414 33	2,181,829 35
2,159,116 31		(30,386 54)	2,151,442 81	2,166,636 08	4 25%	0 35%	7,673 50	2,159,116 31
2,242,046 11		75,149 85	2,234,266 17	2,196,691 24	4 25%	0 35%	7,779 95	2,242,046 11
2,173,273 34		(76,577 75)	2,165,468 36	2,203,757 24	4 25%	0 35%	7,804 97	2,173,273 34
2,383,897 96		202,909 50	2,376,182 84	2,274,728 09	4 07%	0 34%	7,715 12	2,383,897 96
2,388,250 60		(3,726 42)	2,380,171 53	2,382,034 75	4 07%	0 34%	8,079 07	2,388,250 60
		(1,133,454 26)	1,254,796 35	1,821,523 47	4 07%	0 34%	6,178 00	1,260,974 35
			1,260,974 35					
Total	\$	(62,500 00)	\$	1,242,658 43			\$	1,260,974 35

Chattanooga Gas Company  
 IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
 Details of Net Gross Profit from Transactions with Non-jurisdictional Customers

Month	Aggregate Net Margin	Annual Value Allocation	
		CGC Agent 50%	CGC Customer 50%
January 2003	3,191,999	1,595,999	1,595,999
February 2003	328,733	164,366	164,366
March 2003	(69,149)	(34,574)	(34,574)
April 2003	(387)	(193)	(193)
May 2003	642,467	321,234	321,234
June 2003	323,826	161,913	161,913
July 2003	(60,773)	(30,387)	(30,387)
August 2003	150,300	75,150	75,150
September 2003	(153,156)	(76,578)	(76,578)
October 2003	405,819	202,910	202,910
November 2003	(7,453)	(3,726)	(3,726)
December 2003	(2,266,909)	(1,133,454)	(1,133,454)
<b>Adjustments:</b>			
Inground Transfer -01/03	(125,000)	(62,500)	(62,500)
<b>Total</b>	<b>2,360,317</b>	<b>1,180,158</b>	<b>1,180,158</b>



Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
Year ended December 31, 2003  
As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(1,302,162)	6,181,744	
Tennessee Gas Pipeline	(4,272,346)	22,239,825	
Southern Natural Gas Pipeline	(3,960,731)	20,595,370	
<b>Total revenue from sale to CGC</b>			<u>49,016,939</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(573,950)	2,977,173	
Tennessee Gas Pipeline	(15,988,805)	87,537,110	
Southern Natural Gas Pipeline	(10,377,581)	61,537,130	
Capacity Release	(295,590)	65,503	
<b>Total revenue from Asset Management Sales</b>			<u>152,116,916</u>
<b>Total Sales</b>			<u>201,133,855</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	2,035,284	(8,714,196)	
Tennessee Gas Pipeline	20,670,889	(109,307,761)	
Southern Natural Gas Pipeline	14,219,258	(76,771,004)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(194,792,962)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(170,757)	
Tennessee Gas Pipeline		(873,103)	
Southern Natural Gas Pipeline		(67,594)	
<b>Total Transport Cost</b>			<u>(1,111,453)</u>
<b>Total Cost of Sales</b>			<u>(195,904,415)</u>
<b>Total Realized Physical</b>			<u>5,229,440</u>
Realized Financial Settlements - January 2003 - December 2003 contracts			<u>(487,062)</u>
<b>Total Realized CGC Book Value</b>			<u>4,742,378</u>
Unrealized Losses, net			<u>(2,257,061)</u>
<b>Total Aggregate net margin CGC book value</b>			<u>2,485,317</u>

Chattanooga Gas Company  
 IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
 Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
 Sequent Energy Management  
 CGC Book Value  
 January 2003  
 As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(379,146)	863,861	
Tennessee Gas Pipeline	(616,717)	3,288,505	
Southern Natural Gas Pipeline	(420,794)	2,057,683	
<b>Total revenue from sale to CGC</b>			<u>6,210,049 00</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(57,250)	291,989	
Tennessee Gas Pipeline	(1,282,594)	7,162,298	
Southern Natural Gas Pipeline	(2,502,600)	12,383,711	
Capacity Release	-	-	
<b>Total revenue from Asset Management Sales</b>			<u>19,837,998</u>
<b>Total Sales</b>			<u><u>26,048,047</u></u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	320,506	(862,891)	
Tennessee Gas Pipeline	2,034,307	(10,531,370)	
Southern Natural Gas Pipeline	2,919,883	(11,425,330)	
Injection & Withdrawal Fees	-	-	
<b>Total Gas Cost</b>			<u>(22,819,591)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(498)	
Tennessee Gas Pipeline		(87,530)	
Southern Natural Gas Pipeline		-	
<b>Total Transport Cost</b>			<u>(88,028)</u>
<b>Total Cost of Sales</b>			<u><u>(22,907,619)</u></u>
<b>Total Realized Physical</b>			<u>3,140,428</u>
Realized Financial Settlements - January 03 contracts			51,570
<b>Total Realized CGC Book Value</b>			<u>3,191,999</u>
Unrealized Losses, net			-
<b>Total Aggregate net margin CGC book value</b>			<u><u>3,191,999</u></u>

Chattanooga Gas Company  
 IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
 Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
 Sequent Energy Management  
 CGC Book Value  
 February 2003  
 As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(200,332)	1,158,392	
Tennessee Gas Pipeline	(646,853)	3,612,590	
Southern Natural Gas Pipeline	(377,267)	2,120,241	
<b>Total revenue from sale to CGC</b>			<u>6,891,223</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline			
Tennessee Gas Pipeline	(721,729)	5,452,856	
Southern Natural Gas Pipeline	(1,532,339)	9,405,753	
Capacity Release	(140,280)	32,111	
<b>Total revenue from Asset Management Sales</b>			<u>14,890,720</u>
<b>Total Sales</b>			<u>21,781,943</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	340,612	(1,187,814)	
Tennessee Gas Pipeline	1,376,729	(8,952,400)	
Southern Natural Gas Pipeline	1,903,378	(10,633,922)	
Injection & Withdrawal Fees	-	-	
<b>Total Gas Cost</b>			<u>(20,774,136)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		-	
Tennessee Gas Pipeline		(125,367)	
Southern Natural Gas Pipeline		(1,616)	
<b>Total Transport Cost</b>			<u>(126,982)</u>
<b>Total Cost of Sales</b>			<u>(20,901,118)</u>
<b>Total Realized Physical</b>			<u>880,825</u>
Realized Financial Settlements - February 03 contracts			<u>(552,092)</u>
<b>Total Realized CGC Book Value</b>			<u>328,733</u>
Unrealized Losses, net			-
<b>Total Aggregate net margin CGC book value</b>			<u>328,733</u>

Chattanooga Gas Company  
 IMCR Credit Rider Shannng for Twelve Months Ended December 31, 2003  
 Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
 Sequent Energy Management  
 CGC Book Value  
 March 2003  
 As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(186,710)	1,578,641	
Tennessee Gas Pipeline	(198,840)	1,090,148	
Southern Natural Gas Pipeline	(170,888)	1,191,319	
<b>Total revenue from sale to CGC</b>			<u>3,860,108</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(17,491)	131,706	
Tennessee Gas Pipeline	(1,118,374)	7,408,476	
Southern Natural Gas Pipeline	(1,073,912)	8,582,101	
Capacity Release	(155,310)	33,392	
<b>Total revenue from Asset Management Sales</b>			<u>16,155,675</u>
<b>Total Sales</b>			<u>20,015,783</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	342,020	(1,608,019)	
Tennessee Gas Pipeline	1,352,089	(8,489,301)	
Southern Natural Gas Pipeline	1,251,207	(9,076,145)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(19,173,465)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(152)	
Tennessee Gas Pipeline		(67,660)	
Southern Natural Gas Pipeline		(23,653)	
<b>Total Transport Cost</b>			<u>(91,465)</u>
<b>Total Cost of Sales</b>			<u>(19,264,930)</u>
<b>Total Realized Physical</b>			<u>750,853</u>
Realized Financial Settlements - March 03 contracts			<u>(820,002)</u>
<b>Total Realized CGC Book Value</b>			<u>(69,149)</u>
Unrealized Losses, net			-
<b>Total Aggregate net margin CGC book value</b>			<u>(69,149)</u>

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
April 2003  
As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(75,000)	389,288	
Tennessee Gas Pipeline	(283,143)	1,412,803	
Southern Natural Gas Pipeline	(170,174)	859,379	
<b>Total revenue from sale to CGC</b>			<u>2,661,470</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(2,600)	14,300	
Tennessee Gas Pipeline	(2,256,022)	11,709,154	
Southern Natural Gas Pipeline	(436,292)	2,266,642	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>13,990,096</u>
<b>Total Sales</b>			<u>16,651,566</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	75,000	(389,288)	
Tennessee Gas Pipeline	2,549,133	(12,915,917)	
Southern Natural Gas Pipeline	601,189	(3,233,976)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(16,539,180)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(13)	
Tennessee Gas Pipeline		(119,078)	
Southern Natural Gas Pipeline		(11,424)	
<b>Total Transport Cost</b>			<u>(130,515)</u>
<b>Total Cost of Sales</b>			<u>(16,669,695)</u>
<b>Total Realized Physical</b>			<u>(18,129)</u>
Realized Financial Settlements - April 03 contracts			<u>17,743</u>
<b>Total Realized CGC Book Value</b>			<u>(387)</u>
Unrealized Losses, net			<u>-</u>
<b>Total Aggregate net margin CGC book value</b>			<u>(387)</u>

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
May 2003  
As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(3,508)	21,633	
Tennessee Gas Pipeline	(133,437)	682,875	
Southern Natural Gas Pipeline	(161,746)	819,888	
<b>Total revenue from sale to CGC</b>			<u>1,524,395</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(60,298)	349,272	
Tennessee Gas Pipeline	(1,996,509)	11,143,353	
Southern Natural Gas Pipeline	(767,764)	3,939,912	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>15,432,537</u>
<b>Total Sales</b>			<u>16,956,933</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	59,366	(347,183)	
Tennessee Gas Pipeline	2,146,297	(11,625,403)	
Southern Natural Gas Pipeline	933,453	(4,760,396)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(16,732,982)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(460)	
Tennessee Gas Pipeline		(103,013)	
Southern Natural Gas Pipeline		(5,323)	
<b>Total Transport Cost</b>			<u>(108,796)</u>
<b>Total Cost of Sales</b>			<u>(16,841,778)</u>
<b>Total Realized Physical</b>			<u>115,155</u>
Realized Financial Settlements - May 03 contracts			<u>527,312</u>
<b>Total Realized CGC Book Value</b>			<u>642,467</u>
Unrealized Losses, net			<u>-</u>
<b>Total Aggregate net margin CGC book value</b>			<u>642,467</u>

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
June 2003  
As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(40,468)	243,395	
Tennessee Gas Pipeline	(549,793)	3,201,523	
Southern Natural Gas Pipeline	(302,673)	1,776,691	
<b>Total revenue from sale to CGC</b>			<u>5,221,608</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(41,656)	250,541	
Tennessee Gas Pipeline	(1,413,065)	8,101,641	
Southern Natural Gas Pipeline	(688,196)	4,021,664	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>12,373,845</u>
<b>Total Sales</b>			<u>17,595,454</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	75,000	(451,085)	
Tennessee Gas Pipeline	1,966,061	(11,135,989)	
Southern Natural Gas Pipeline	995,654	(5,648,634)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(17,235,708)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline			
Tennessee Gas Pipeline		(60,549)	
Southern Natural Gas Pipeline		(4,401)	
<b>Total Transport Cost</b>			<u>(64,950)</u>
<b>Total Cost of Sales</b>			<u>(17,300,658)</u>
<b>Total Realized Physical</b>			<u>294,796</u>
Realized Financial Settlements - June 03 contracts			<u>29,030</u>
<b>Total Realized CGC Book Value</b>			<u>323,826</u>
Unrealized Losses, net			-
<b>Total Aggregate net margin CGC book value</b>			<u>323,826</u>

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
July 2003  
As of December 31, 2003

Sales	<u>Volume</u>	<u>Dollars</u>	
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(2,000)	9,466	
Tennessee Gas Pipeline	(396,468)	2,140,512	
Southern Natural Gas Pipeline	(526,540)	2,732,743	
<b>Total revenue from sale to CGC</b>			<u>4,882,720</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(177,956)	907,497	
Tennessee Gas Pipeline	(2,244,915)	11,694,346	
Southern Natural Gas Pipeline	(721,033)	3,916,605	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>16,518,448</u>
<b>Total Sales</b>			<u>21,401,168</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	166,226	(810,968)	
Tennessee Gas Pipeline	2,793,128	(14,110,296)	
Southern Natural Gas Pipeline	1,122,382	(6,086,701)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(21,007,965)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(165,609)	
Tennessee Gas Pipeline		(86,388)	
Southern Natural Gas Pipeline		(16,028)	
<b>Total Transport Cost</b>			<u>(268,025)</u>
<b>Total Cost of Sales</b>			<u>(21,275,990)</u>
<b>Total Realized Physical</b>			<u>125,178</u>
Realized Financial Settlements - July contracts			
<b>Total Realized CGC Book Value</b>			<u>(185,951)</u>
			<u>(60,773)</u>
Unrealized Losses, net			
<b>Total Aggregate net margin CGC book value</b>			<u>(60,773)</u>



Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
August 2003  
As of December 31, 2003

<b>Sales</b>	<b><u>Volume</u></b>	<b><u>Dollars</u></b>	
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline			
Tennessee Gas Pipeline	(294,996)	1,399,793	
Southern Natural Gas Pipeline	(546,822)	2,684,953	
<b>Total revenue from sale to CGC</b>			<u>4,084,746</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(1,500)	8,775	
Tennessee Gas Pipeline	(1,490,349)	7,264,942	
Southern Natural Gas Pipeline	(1,672,515)	7,757,150	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>15,030,867</u>
<b>Total Sales</b>			<u>19,115,613</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	31,496	(147,140)	
Tennessee Gas Pipeline	1,794,644	(8,631,014)	
Southern Natural Gas Pipeline	2,229,132	(10,464,556)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(19,242,710)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		-	
Tennessee Gas Pipeline		(58,362)	
Southern Natural Gas Pipeline		(800)	
<b>Total Transport Cost</b>			<u>(59,162)</u>
<b>Total Cost of Sales</b>			<u>(19,301,872)</u>
<b>Total Realized Physical</b>			<u>(186,259)</u>
Realized Financial Settlements - Aug 03 contracts			336,559
<b>Total Realized CGC Book Value</b>			<u>150,300</u>
Unrealized Losses, net			-
<b>Total Aggregate net margin CGC book value</b>			<u>150,300</u>

Chattanooga Gas Company  
IMCR Credit Rider Shannig for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
September 2003  
As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline			
Tennessee Gas Pipeline	(207,840)	970,850	
Southern Natural Gas Pipeline	(502,068)	2,397,527	
<b>Total revenue from sale to CGC</b>			<u>3,368,378</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline			
Tennessee Gas Pipeline	(907,621)	4,239,630	
Southern Natural Gas Pipeline	(110,957)	5,160,209	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>9,399,839</u>
<b>Total Sales</b>			<u>12,768,217</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline			
Tennessee Gas Pipeline	1,120,640	(5,237,992)	
Southern Natural Gas Pipeline	616,849	(7,460,448)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(12,698,440)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(2,419)	
Tennessee Gas Pipeline		(39,136)	
Southern Natural Gas Pipeline		(3,001)	
<b>Total Transport Cost</b>			<u>(44,556)</u>
<b>Total Cost of Sales</b>			<u>(12,742,996)</u>
<b>Total Realized Physical</b>			<u>25,221</u>
Realized Financial Settlements - Sept 03 contracts			<u>(178,376)</u>
<b>Total Realized CGC Book Value</b>			<u>(153,156)</u>
Unrealized Losses, net			-
<b>Total Aggregate net margin CGC book value</b>			<u>(153,156)</u>

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
October 2003  
As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(84,031)	377,486	
Tennessee Gas Pipeline	(280,236)	1,212,570	
Southern Natural Gas Pipeline	(245,736)	1,083,514	
<b>Total revenue from sale to CGC</b>			<u>2,673,570</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(190,254)	900,319	
Tennessee Gas Pipeline	(575,291)	2,635,525	
Southern Natural Gas Pipeline	(506,247)	2,248,578	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>5,784,422</u>
<b>Total Sales</b>			<u>8,457,992</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	275,860	(1,287,119)	
Tennessee Gas Pipeline	858,994	(3,904,217)	
Southern Natural Gas Pipeline	750,154	(3,329,756)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(8,521,092)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(1,476)	
Tennessee Gas Pipeline		(22,779)	
Southern Natural Gas Pipeline		(152)	
<b>Total Transport Cost</b>			<u>(24,407)</u>
<b>Total Cost of Sales</b>			<u>(8,545,499)</u>
<b>Total Realized Physical</b>			<u>(87,507)</u>
Realized Financial Settlements - Oct 03 contracts			493,326
<b>Total Realized CGC Book Value</b>			<u>405,819</u>
Unrealized Losses, net			-
<b>Total Aggregate net margin CGC book value</b>			<u>405,819</u>

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
November 2003  
As of December 31, 2003

	<u>Volume</u>	<u>Dollars</u>	
<b>Sales</b>			
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(175,657)	784,776	
Tennessee Gas Pipeline	(175,256)	762,910	
Southern Natural Gas Pipeline	(145,115)	638,954	
<b>Total revenue from sale to CGC</b>			<u>2,186,640</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(11,257)	48,216	
Tennessee Gas Pipeline	(510,764)	2,203,263	
Southern Natural Gas Pipeline	(17,151)	80,958	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>2,332,437</u>
<b>Total Sales</b>			<u>4,519,077</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	185,900	(828,125)	
Tennessee Gas Pipeline	691,970	(2,963,629)	
Southern Natural Gas Pipeline	161,084	(712,345)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>(4,504,099)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(98)	
Tennessee Gas Pipeline		(22,264)	
Southern Natural Gas Pipeline		(69)	
<b>Total Transport Cost</b>			<u>(22,431)</u>
<b>Total Cost of Sales</b>			<u>(4,526,530)</u>
<b>Total Realized Physical</b>			<u>(7,453)</u>
Realized Financial Settlements - Nov 03 contracts			-
<b>Total Realized CGC Book Value</b>			<u>(7,453)</u>
Unrealized Losses, net			-
<b>Total Aggregate net margin CGC book value</b>			<u>(7,453)</u>

Chattanooga Gas Company  
IMCR Credit Rider Sharing for Twelve Months Ended December 31, 2003  
Details of Net Gross Profit from Transactions with Non-jurisdictional Customers  
Sequent Energy Management  
CGC Book Value  
December 2003  
As of December 31, 2003

Sales	<u>Volume</u>	<u>Dollars</u>	
<b>Revenue from sale to CGC</b>			
East Tennessee Gas Pipeline	(155,310)	754,807	
Tennessee Gas Pipeline	(488,767)	2,464,747	
Southern Natural Gas Pipeline	(390,908)	2,232,479	
<b>Total revenue from sale to CGC</b>			<u>\$ 5,452,032</u>
<b>Revenue from Asset Management Sales</b>			
East Tennessee Gas Pipeline	(13,688)	74,558	
Tennessee Gas Pipeline	(1,471,572)	8,521,626	
Southern Natural Gas Pipeline	(348,575)	1,773,847	
Capacity Release			
<b>Total revenue from Asset Management Sales</b>			<u>\$ 10,370,031</u>
<b>Total Sales</b>			<u>15,822,063</u>
<b>Cost of Sales</b>			
<b>Gas Cost</b>			
East Tennessee Gas Pipeline	163,298	(794,564)	
Tennessee Gas Pipeline	1,986,897	(10,810,234)	
Southern Natural Gas Pipeline	734,893	(3,938,795)	
Injection & Withdrawal Fees			
<b>Total Gas Cost</b>			<u>\$ (15,543,593)</u>
<b>Transportation Cost</b>			
East Tennessee Gas Pipeline		(32)	
Tennessee Gas Pipeline		(80,977)	
Southern Natural Gas Pipeline		(1,127)	
<b>Total Transport Cost</b>			<u>\$ (82,136)</u>
<b>Total Cost of Sales</b>			<u>(15,625,729)</u>
<b>Total Realized Physical</b>			<u>196,334</u>
Realized Financial Settlements - Dec 03 contracts			<u>(206,182)</u>
<b>Total Realized CGC Book Value</b>			<u>(9,848)</u>
Unrealized Losses, net			<u>(2,257,061)</u>
<b>Total Aggregate net margin CGC book value</b>			<u>(2,266,909)</u>

Chattanooga Gas Company  
Unrefunded Balance as December 31, 2003 of IMCR Refund Credit Effective July 1, 2003

	Unrefunded (Overrefunded) Balance IMCR Refund Effective 7/1/2003	Refunds	End of Month Balance	Average Balance	Annual Interest Rate	Monthly Interest Rate	Interest	Balance
Jan-03								
Feb-03								
Mar-03								
Apr-03								
May-03								
Jun-03								
Jul-03	308,158 43	(8,608 00)	299,550 43	303,854 43	4 25%	0 35%	1,076 15	300,626 58
Aug-03	300,626 58	(10,261 00)	290,365 58	295,496 08	4 25%	0 35%	1,046 55	291,412 13
Sep-03	291,412 13	(9,306 00)	282,106 13	286,759 13	4 25%	0 35%	1,015 61	283,121 73
Oct-03	283,121 73	(10,957 00)	272,164 73	277,643 23	4 07%	0 34%	941 67	273,106 41
Nov-03	273,106 41	(15,339 00)	257,767 41	265,436 91	4 07%	0 34%	900 27	258,667 68
Dec-03	\$258,667 68	(33,055 00)	\$225,612 68	\$242,140 18	4 07%	0 34%	\$821 26	\$226,433 94

a/ IMCR Filing May 27, 2003 Attachment B

Chattanooga Gas Company  
Overfunded Balance of IMCR Refund Credit Effective April 1, 2002

	Unrefunded (Overrefunded) Balance IMCR Refund Effective 4/1/2002	Refunds	End of Month Balance	Average Balance	Annual Interest Rate	Monthly Interest Rate	Interest	Balance
Jan-03								
Feb-03								
Mar-03								
Apr-03	(\$6,691 47) a/	(\$33,487 00)	(\$40,178 47)	(\$23,434 97)	4 25%	0 35%	(\$83 00)	(\$40,261 47)
May-03	(40,261 47)	(22,065 00)	(62,326 47)	(51,293 97)	4 25%	0 35%	(181 67)	(62,508 13)
Jun-03	(62,508 13)	(16,776 00)	(79,284 13)	(70,896 13)	4 25%	0 35%	(251 09)	(79,535 23)
Jul-03	(79,535 23)	-	(79,535 23)	(79,535 23)	4 25%	0 35%	(281 69)	(79,816 91)
Aug-03	(79,816 91)	-	(79,816 91)	(79,816 91)	4 25%	0 35%	(282 68)	(80,099 60)
Sep-03	(80,099 60)	-	(80,099 60)	(80,099 60)	4 25%	0 35%	(283 69)	(80,383 28)
Oct-03	(80,383 28)	-	(80,383 28)	(80,383 28)	4 07%	0 34%	(272 63)	(80,655 92)
Nov-03	(80,655 92)	-	(80,655 92)	(80,655 92)	4 07%	0 34%	(273 56)	(80,929 47)
Dec-03	(\$80,929 47)	\$0 00	(\$80,929 47)	(\$80,929 47)	4 07%	0 34%	(\$274 49)	(\$81,203 96)

a/ IMCR Filing May 27, 2003 Attachment B

CHATTANOOGA GAS COMPANY GAS TARIFF—TRA NO. 1						
Effective April 1, 2004						
		BASE RATE	PGA	REFUNDS & SURCHARGES	BILLING RATE	Cumulative PGA/Refund and Credit
R-1 Residential General Service	WINTER (NOV - APR)					
	Base Use Charge/Bill	\$7 5000			\$7 5000	
	First 25 CCF	\$0 2500	\$0 7297	(0 0259)	\$0 9938	\$0 7038
	Next 25 CCF	\$0 2000	\$0 7297	(0 0259)	\$0 9038	\$0 7038
	Over 50 CCF	\$0 1750	\$0 7297	(0 0259)	\$0 8788	\$0 7038
	SUMMER (MAY - OCT)					
	Base Use Charge/Bill	\$7 5000			\$7 5000	
	First 25 CCF	\$0 2100	\$0 7297	(0 0259)	\$0 9138	\$0 7038
	Next 25 CCF	\$0 1500	\$0 7297	(0 0259)	\$0 8638	\$0 7038
	Over 50 CCF	\$0 0450	\$0 7297	(0 0259)	\$0 7488	\$0 7038
Air Conditioning	SUMMER (MAY - OCT)					
	Over 50 CCF	\$0 0450	\$0 5717	0 0108	\$0 8275	\$0 5825
Standby Service						
Demand Charge	Rate Per CCF of Input per Month	\$0 3000	\$0 7198	(0 1708)	\$0 8490	\$0 5490
R-4 Multi-Family Housing Service	WINTER (NOV - APR)					
	Base Use Charge/Unit	\$6 0000			\$6 0000	
	Commodity Charge/CCF	\$0 1800	\$0 7297	(0 0259)	\$0 8838	\$0 7038
	SUMMER (MAY - OCT)					
	Base Use Charge/Bill	\$6 0000			\$6 0000	
	Commodity Charge/CCF	\$0 1600	\$0 7297	(0 0259)	\$0 8638	\$0 7038
Air Conditioning	SUMMER (MAY - OCT)					
	Flat Rate / CCF	\$0 0450	\$0 5717	0 0108	\$0 8275	\$0 5825
C-1 Commercial & Industrial General Service	WINTER (NOV - APR)					
	Base Use Charge/Bill	\$20 0000			\$20 0000	
	First 3 000 CCF	\$0 2750	\$0 7297	(0 0259)	\$0 9788	\$0 7038
	Next 2 000 CCF	0 2510	\$0 7297	(0 0259)	\$0 9548	\$0 7038
	Next 10 000 CCF	0 2445	\$0 7297	(0 0259)	\$0 9483	\$0 7038
	Over 15 000 CCF	0 1265	\$0 7297	(0 0259)	\$0 8303	\$0 7038
	SUMMER (MAY - OCT)					
	Base Use Charge/Bill	\$15 0000			\$15 0000	
	First 3 000 CCF	\$0 2159	\$0 7297	(0 0259)	\$0 9197	\$0 7038
	Next 2 000 CCF	0 1714	\$0 7297	(0 0259)	\$0 8752	\$0 7038
	Next 10 000 CCF	0 1598	\$0 7297	(0 0259)	\$0 8636	\$0 7038
	Over 15 000 CCF	0 1265	\$0 7297	(0 0259)	\$0 8303	\$0 7038
Air Conditioning	SUMMER (MAY - OCT)					
	Flat Rate / CCF	\$0 0450	\$0 5717	0 0108	\$0 8275	\$0 5825
Standby Service						
Demand Charge	Rate Per CCF of Input per Month	\$0 3000	0 7198	(0 1708)	\$0 8490	\$0 5490
I-1 Large Volume Firm Service	Base Use Charge	\$300 0000			\$300 0000	
	Demand Charge / Demand Unit	\$3 0000	\$7 1981	(1 7080)	\$8 4901	\$5 4901
	Commodity Charge / MCF					
	First 1 500 MCF	\$0 8888	\$5 7171	0 1083	\$6 7142	\$5 8254
	Next 2 500 MCF	\$0 7598	\$5 7171	0 1083	\$6 5852	\$5 8254
	Next 11 000 MCF	\$0 4312	\$5 7171	0 1083	\$6 2566	\$5 8254
	Over 15 000 MCF	\$0 2650	\$5 7171	0 1083	\$6 0904	\$5 8254
L-1 Interruptible Service	Base Use Charge	\$300 0000			\$300 0000	
	Commodity Charge/MCF					
	First 1 500 MCF	\$0 8888	\$6 3369	0 1083	\$7 3340	\$6 4452
	Next 2 500 MCF	\$0 7598	\$6 3369	0 1083	\$7 2050	\$6 4452
	Next 11 000 MCF	\$0 4312	\$6 3369	0 1083	\$6 8764	\$6 4452
	Over 15 000 MCF	\$0 2650	\$6 3369	0 1083	\$6 7102	\$6 4452
T-1 Interruptible Transportation Service	Customer Charge	\$300 0000			\$300 0000	
	Transportation Charge/MCF					
	First 1 500 MCF	\$0 8888		0 0000	\$0 8888	\$0 0000
	Next 2 500 MCF	\$0 7598		0 0000	\$0 7598	\$0 0000
	Next 11 000 MCF	\$0 4312		0 0000	\$0 4312	\$0 0000
	Over 15 000 MCF	\$0 2650		0 0000	\$0 2650	\$0 0000
T-2 Interruptible Transportation Service with Firm Backup	Customer Charge	\$300 0000			\$300 0000	
	Demand Charge/Demand Unit	\$3 0000	\$7 1981	(1 7080)	\$8 4901	\$5 4901
	Transportation Charge/MCF					
	First 1 500 MCF	\$0 8888		0 0000	\$0 8888	\$0 0000
	Next 2 500 MCF	\$0 7598		0 0000	\$0 7598	\$0 0000
	Next 11 000 MCF	\$0 4312		0 0000	\$0 4312	\$0 0000
	Over 15 000 MCF	\$0 2650		0 0000	\$0 2650	\$0 0000
V-1 Natural Gas Vehicle Service	Base Use Charge / Bill	\$17 5000			\$17 5000	
	Flat Rate / CCF	\$0 0450	0 59537	0 0000	\$0 6404	\$0 5954